

MHBE Director of Compliance, Audit, and Privacy Annual Report to the Board of Trustees

Presented by

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September 15, 2025

Compliance Department Metrics, Reports and Initiatives

1. MHBE Policy Update and Revision Initiative
2. Fraud, Waste and Abuse Report
3. Privacy Program Metrics, External Audits, Corrective Actions, and Internal Reviews
4. Office of Legislative Affairs Audit Overview and Update



1. MHBE Policy Update and Revision Initiative

Policy and Procedure Reviews, Revisions, and Updates

- **Policies and procedures serve as the cornerstone of a good compliance program. Having updated policies and detailed procedures helps MHBE meet its objectives in a consistent manner, while helping control identified risks.**
 - The Compliance Department is responsible for policy and procedure oversight.
 - The policies included in the formal update and revision process projected to be completed by December 31, 2024, were reviewed and updated as anticipated.
 - There is a defined protocol in place which culminates in finalizing policies through bi-monthly Compliance Committee meetings.
 - After Compliance Committee review, policies undergo legal sufficiency review, as well as grammar and form review and before execution.
 - Policies are then saved in a location accessible to all employees and stakeholders and are disseminated.
 - MHBE has **81** policies that govern the Exchange. Sixty-nine (**69**) policies have been executed and posted on MHBE shared drive or MHBE Hive.

Policy and Procedure Reviews, Revision, and Updates (cont'd)

Under Final Review Prior to Execution

1. Enforcement & Discipline
2. Non-Retaliation
3. Expedited Procurement
4. IT IDIQ RFR Procedures
5. Small Procurement
6. Procurement Filing
7. Periodic Audit of HBX
8. Onboarding & Offboarding of IDIQ Consultants
9. EEO & Fair Practices
10. Recruitment
11. Workplace Development
12. Award of Excellence

2. Fraud, Waste and Abuse

FY25 YTD Fraud, Waste, & Abuse Investigations and Monitoring

11 FWA Allegations (via the Compliance Hotline and/or reporting), No other FWA Allegations

- 1 Unable to Substantiate and Forwarded to MDH for further Investigation
- 1 Substantiated and Forwarded to MDH for further Investigation
- 9 Unsubstantiated and Closed

Debarment and Sanctions Screening

✓ HHS OIG LEIE – All clear

- 109 IDIQ Master Contractors
- All non-IDIQ Vendors
- 7 Carriers
- 69 MHBE Employees

3. Privacy, External Audits, Corrective Actions and Internal Reviews

FY25 PRIVACY OVERVIEW

Agreements & RFPs

Talkdesk NEEA
 Small Business Aggregate Billing NEEA
 Radiant Innovative NEEA
 Hamilton Enterprises – Auditor Attestations
 Call Center RFP & NEEA

Assessments

Privacy Impact Assessment
 Independent Audit of MARS-E V2.2

March 31, 2025
 March 18, 2025

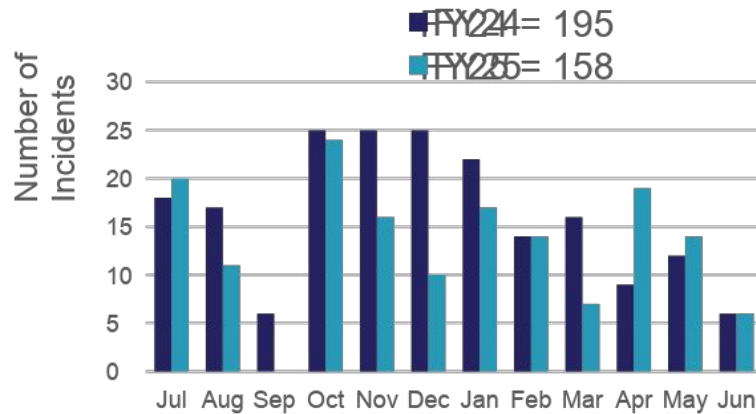
Trainings

Annual Compliance, Privacy, FWA and Cybersecurity Training
 Role-based Trainings (MHBE & MD Think FTI Training & Attestation)
 Consumer Assistance Workers Training

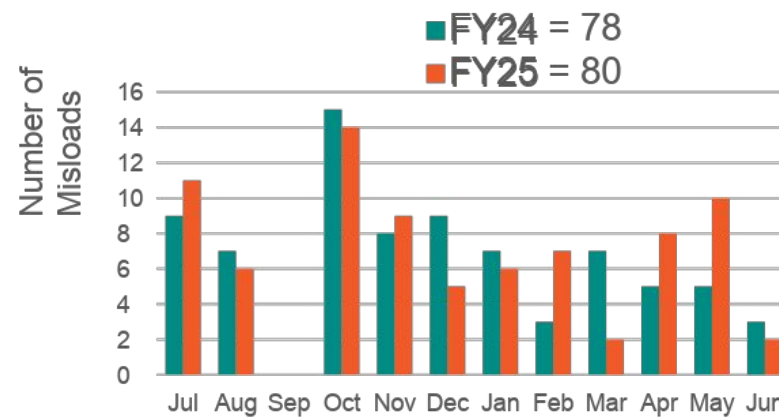
April 2025
 April 2025
 October 2024

FY25 PRIVACY NUMBERS – 07/01/24 Through 06/30/25 w/ Year-over-Year Comparison

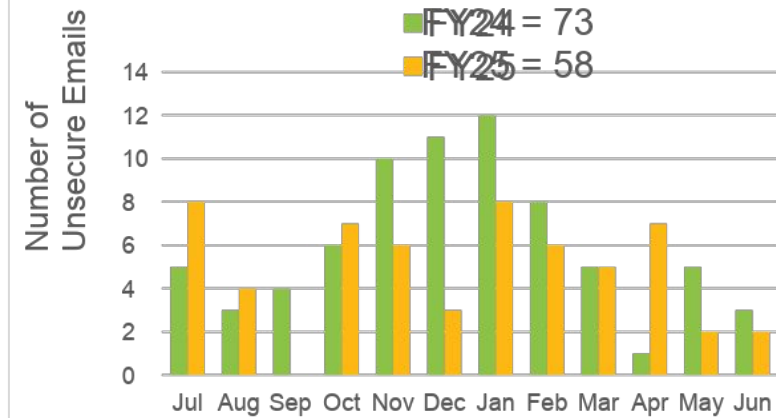
Number of Incidents



Number of Misloads



Number of Unsecure Emails by Producers



FY25 Internal Reviews of MHBE Departmental Functions

- Internal Reviews were paused for FY24 at the discretion of the Executive Director and Director of Compliance and Privacy due to the intensive commitment required for the Office of Legislative Affairs Audit and departmental resource issues.
- Internal Reviews fully resumed in October of 2024, with Internal Reviews of all Departments completed by the close of FY25.

Internal Review Schedule and Status (By Department)

Internal Review	Start Date	End Date	Status	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
HR and Organizational Effectiveness	10/10/24	12/31/24	Completed												
IT	11/15/24	02/07/25	Completed												
Consumer Assistance	02/28/25	04/04/25	Completed												
Marketing & Communications	04/11/25	06/30/25	Completed												
Policy & Plan Management	05/19/25	06/27/25	Completed												
Finance and Procurement	03/13/25	06/09/25	Completed												

MHBE FY25 External Audit Timeline

MHBE Internal Assessment and External Audit Timeline – Fiscal Year 2025															
Audit Activity	Start Date	End Date	Status	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
IPPTA (Improper Payment Pre-Testing and Assessment) Predecessor was EIPM <i>Pilot</i>	1/18/24	Ongoing until 12/31/25	In Progress												
MDH PERM AUDIT PY23	7/1/23	Ongoing	In Progress												
DBM-RED Audit	11/17/24	1/22/25	Complete												
System Security Report (SSR) / IRS Corrective Action Plan (CAP)	7/12/24	5/31/25	Complete												
Independent External Financial Audit - FY 2024	2/6/25	3/25/25	Complete												
Independent External Programmatic Audit - PY 2024	2/14/25	5/21/25	Complete												
SMART – Plan Year 2024	1/1/25	5/29/25	Complete												
Office of Legislative Audits (OLA)	6/28/23	1/28/2025	Complete												

FY25 YTD Audit Status Report: Findings and Corrective Actions

Audit Findings

- (0) CMS-required Independent External Audit- Financial
- (0) CMS-required Independent External Audit- Programmatic
- (0) CMS SMART
- (4) MD DBM RED Audit – Corrective Action Underway
- (Ongoing) MDH Payment Error Rate Measurement (PERM)
- (Ongoing) IPPTA (Improper Payment Pre-Testing & Assess)
- (Variable) IRS Safeguards
- (6) MD OLA Audit – Corrective Action Completed/Underway

4. Office of Legislative Affairs Audit Overview and Update

Office of Legislative Affairs Audit Process & Report Summary

- **The Office of Legislative Audits conducts a fiscal compliance audit of MHBE every 3 years. This most recent audit examination the period from March 9, 2020 to June 30, 2023. The audit itself began on June 28, 2023 and concluded on January 28th, 2025 (17 months).**
 - This OLA triennial examination represents the most intensive and resource focused of all audits.
 - The examination, while fiscal in nature, goes beyond just Finance and Procurement activities, looking at every Department and its activities.
 - The report, which was made public by OLA upon its completion, was included in the Board's materials in preparation for this meeting.
 - OLA had 6 findings in its report (3 relating to Policy, 1 relating Consumer Assistance/Compliance, and 2 Related to Finance and Procurement)
 - As part of MHBE's formal discussions with OLA, the Exchange has drafted and implemented a series of corrective actions where it has acknowledged deficiencies.
 - MHBE maintains exceptions/disagreements with a number of the findings. In the spirit acknowledging OLA's concerns and in the interest of increasing program integrity, MHBE is continuing to work with OLA to achieve resolutions where it is practical or possible to do so.

Questions?

Thank you for your guidance and leadership.